



INTRODUCTION

In order to fully understand the exposure of the UCT Foundation to fossil fuels and any other potentially undesirable industries, the consultants of the university, Sukha & Associated (S&A) has collected the exposure of all of the appointed investment managers on Fuels – direct and indirect and Renewable Energy/Green Technology – direct and indirect.

These exposures measures can be subjective and asset managers have supplied this information directly without any verification by S&A. The reporting template has been drafted by UPRI and was approved by the Joint Investment Committee (JIC) in 2024.

Direct exposure to fossil fuels refers to assets held that relate directly to the extraction, production, or refining of fossil fuels.

Indirect exposure refers to assets (e.g. holdings in financial institutions) that themselves are not directly engaged in the extraction, production or refining of fossil fuels, but which themselves finance such activities. Direct vs indirect exposure to renewable energy and the green economy can be similarly defined.

UCT FOUNDATION EXPOSURE AS AT DECEMBER 2024

The UCT Foundation has since March 2022 committed to a net zero position to fossil fuels. In September 2022, the UCT Foundation significantly reduced its fossil fuel exposure after it had terminated an offshore mandate that had heavy fossil fuel exposure. At the end of 2022, the UCT Foundation had 4.2% exposed to fossil fuels.

In 2023 the UCT Foundation made further investments into the Renewable / Green Economy sector by adding to its line-up of asset managers who would invest directly in infrastructure projects and in Small and Medium Enterprises (SMEs) with great growth potential.

At the end of 2023, the UCT Foundation had 4.1% direct and indirect exposure to fossil fuels. The Foundation's exposure to the Renewable / Green Economy had also grown to 4.6%. The Foundation has made further progress in 2024 through its underlying asset managers.

S&A has collected information on the direct and indirect exposure to fossil fuels as well as Renewable Energy / Green Economy as at 31 December 2024 from the UCT Foundation managers. The managers have utilised the University Panel for Responsible Investment (UPRI) template to track exposure by local versus offshore, bonds versus equities and direct versus indirect. We have compared the December 2023 figures to December 2024 and set out key observations.



Key metrics as at December 2023

Exposure	Sector	Domestic		Offshore		Other	Total
		Equities	Bonds	Equities	Bonds		
Direct	Fossil Fuels	1.5%	0.0%	1.8%	0.0%	0.0%	3.3%
	Renewable / Green Economy	1.1%	0.0%	0.1%	0.0%	0.0%	1.2%
Indirect	Fossil Fuels	0.8%	0.0%	0.0%	0.0%	0.0%	0.8%
	Renewable / Green Economy	2.9%	0.0%	0.0%	0.0%	0.5%	3.3%
Total	Fossil Fuels	2.3%	0.0%	1.9%	0.0%	0.0%	4.1%
	Renewable / Green Economy	4.0%	0.0%	0.1%	0.0%	0.5%	4.6%

Key metrics as at December 2024

Exposure	Sector	Domestic		Offshore		Other	Total
		Equities	Bonds	Equities	Bonds		
Direct	Fossil Fuels	1.0%	0.0%	1.5%	0.0%	0.0%	2.5%
	Renewable / Green Economy	0.9%	0.0%	3.1%	0.0%	0.0%	4.0%
Indirect	Fossil Fuels	0.2%	0.0%	0.5%	0.0%	0.0%	0.7%
	Renewable / Green Economy	0.3%	0.5%	0.9%	0.0%	0.5%	2.1%
Total	Fossil Fuels	1.2%	0.0%	2.0%	0.0%	0.0%	3.2%
	Renewable / Green Economy	1.1%	0.5%	4.0%	0.0%	0.5%	6.1%

Observations:

- The total direct fossil fuels exposure across local and offshore assets has decreased to 2.5%, compared to 3.3% in December 2023. This can be attributed to a decrease in both local and offshore fossil fuel equities.
- The total indirect exposure to fossil fuels was 0.8% in 2023 and this has dropped to 0.7% in 2024.
- The total direct and indirect exposure to fossil fuels across local and offshore assets was 4.1% at the end of December 2023 and this has dropped to 3.2% at the end of December 2024.
- The total direct and indirect exposure to Renewable Energy / Green Economy across local and offshore assets was 4.6% at the end of December 2023, which has increased to 6.1% at the end of December 2024.
- The exposures above are shown for the UCT Foundation and exclude the Shari'ah portfolio and the UCT Account.